



Tony Bagnato
Vice President, Wealth Products

RBC Life Insurance Company
6880 Financial Drive, Tower 1
Mississauga, ON L5N 7Y5

Tel: 905-606-3969
Cell: 416-433-3133
Fax: 905-813-4774
Email: tony.bagnato@rbc.com

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Neil Mohindra
Acting Policy Manager
Joint Forum Project Office
5160 Yonge St.
Box 85, 17th floor
North York, ON
M2N 6L9

Dear Mr. Mohindra,

Re: Proposed Framework 81-406 - Point of Sale Disclosure for Mutual Funds and Segregated Funds

RBC Life Insurance Company (RBC Life) is pleased to provide input to the consultation paper released by the Joint Forum of Financial Market Regulators, "*Proposed framework 81-406: Point of sale disclosure for mutual funds and segregated funds*" (The Proposed Framework).

RBC Life is a member of The Canadian Life and Health Insurance Association (CLHIA). RBC Life has been engaged, along with other member companies, in detailed analysis of the consultation paper. During this process, we have been able to exchange views with other member companies, and in so doing, come to appreciate their views. We are proud to support the industry response to the Proposed Framework, as submitted by the CLHIA. RBC Life commends the Joint Forum for its efforts on this project and strongly supports the objective of providing simpler, more meaningful information to consumers.

RBC Life is part of an industry that is closely regulated and subject to extensive governance requirements as required by the Office of the Superintendent of Financial Institutions. Individual Variable Annuity Contract (IVIC) policyholders enjoy all the benefits and security of dealing with life insurance companies that manage \$800 billion world-wide and have proven governance structures.

IVIC products are sold by provincially licensed agents who are subject to market conduct regulations. These agents are required to maintain mandatory Errors and Omissions coverage and earn continuing education credits as a condition of licensing. Life Insurers have a Duty of Care obligation to monitor the conduct of licensed agents who sell their products and are required to provide mandatory disclosure information about the product before or at the time of sale.

Through the sale of IVICs, life insurers must give policyholders certain contractual rights, which include guarantees and the right to transfer between fund options within the IVIC. The contractual guarantees are protected by Assuris in the event of insolvency.

Each insurer must maintain a well-defined consumer complaint resolution service, which includes a designated Ombudsman. Companies must report complaint statistics to provincial regulators.

Life Insurance regulation in Canada and, indeed, international financial services regulation, have been increasingly moving along the spectrum of a principles-based approach. In Canada, we have experienced the benefits of this approach as demonstrated by the industry's ability to minimize the number of consumer complaints. In making any changes to improve the current system, it will be important to ensure that the best interests of Individual Variable Insurance Contract (IVIC) policyholders and prospective policyholders continue to be met

RBC Life believes that many of the industry's current practices already support the Joint Forum's vision and we urge the Joint Forum to adopt a framework aligned with a principles-based regulatory approach rather than the more prescriptive approach proposed.

The following will provide RBC Life's comments specific to key components of the Joint Forum paper.

Disclosure/delivery at initial transactions

While we support the current requirement of providing point of sale disclosure documents, we are very concerned that the proposed content (i.e. Fund Facts for each fund selected) could mislead IVIC policyholders and increase liability for insurers.

Disclosure/delivery at subsequent transactions

We are very concerned with proposals to introduce additional Fund Facts delivery requirements before subsequent transactions can proceed. We do not believe that this meets the best interests of IVIC policyholders as it is inconsistent with the contractual rights of the policyholder, deprives the policyholder of choice and duplicates information the policyholder has already received.

Legal Status

We believe that requiring the Key Facts to be incorporated into the IVIC contract by reference is inappropriate and unnecessary. Requiring that a brief summary be used to replace, supplement or interpret the contract increases insurers' liability and ignores that the policyholder has fundamental recourse at common law together with other statutory legal remedies. We certainly agree that The Key Facts document should refer the client to the contract for full information, just as the Information Folder now does.

Rescission Rights

The IVIC contract sets out contractual rights, including rights that apply when a switch is made. Therefore, we should ensure that the proposed two-day cooling off period applies only to initial transactions (i.e. the purchase of an IVIC). Introducing rescission rights for subsequent transactions would be inconsistent with the nature of the contract. It would also introduce unfavorable tax implications for policyholders and potentially mislead consumers.

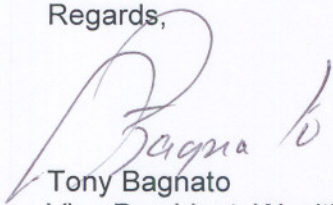
Insurance Costs

We absolutely agree that Management Expense Ratios (MERs) should be disclosed in the Fund Facts, since we believe that this information has most relevance to the consumer. If the proposed requirement for further insurance costs breakdown is based on a belief that this would reveal the base cost of a retail mutual fund (if this is a wrapped product), we hasten to say that this is not the case. In fact, the proposed requirement would only lead to the disclosure of proprietary information.

We appreciate the opportunity to provide input into this very important conversation. In our view, there are great benefits to be gained by all stakeholders. We support the Joint Forum's vision of "providing investors with meaningful information when they need it most - before they make their decision to buy a fund" and, in turn, both support and endorse the response submitted by the CHLIA.

We welcome an opportunity to provide additional information at your convenience.

Regards,



Tony Bagnato
Vice President, Wealth Products

cc John Young, President & CEO, Life & Health, RBC Life Insurance Company